



**Elektrobit Group Plc.**  
**Interim Report January – March, 2006**  
**May 3, 2006**

## Forward-looking Statements

Some statements made in this material relating to future circumstances or status, including, without limitation, future performance of the company, expectations regarding market growth, trend projections as well as any statements preceded by the words “expect”, “believe”, “foresee” or similar expressions are forward-looking statements. By their nature, forward-looking statements involve risk and uncertainty and actual results may, therefore, differ materially from the results that are expressed or implied by these forward-looking statements. Elektrobit Group Plc. disclaims all obligations to update such forward-looking statements except as required by mandatory law.

## First Quarter 1-3/2006

### **The Company Continued to Invest in Research and Development**

- Several new products were launched.
- Our strategy has been reformed.
- Net sales in the quarter were in line with our targets.
- Profitability in the quarter slightly exceeded our targets.

### **Net sales and operating profit in line with previous estimates**

- Net sales 47.7 million euro (44.6 million euro).
- Operating profit 0.3 million euro (4.5 million euro).

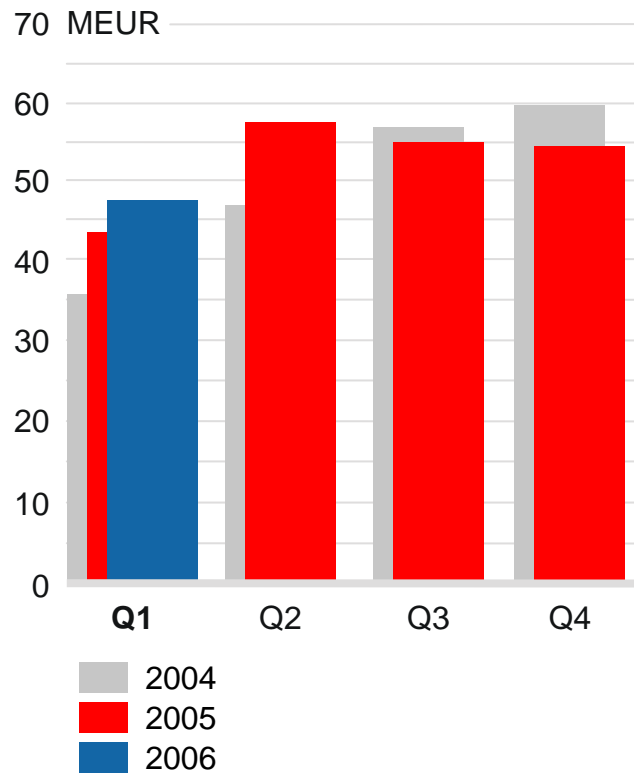
## First Quarter 1-3/2006

### The Automotive business continued strong growth

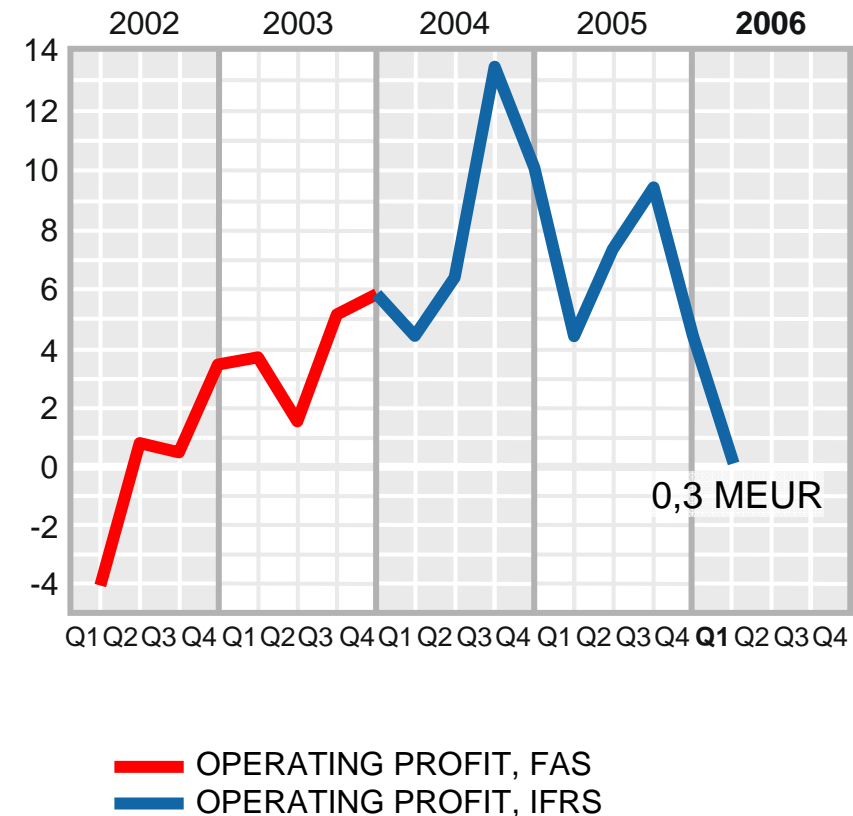
- Net sales of the Contract R&D business remained similar to the corresponding period last year.
- Net sales of the Test and Automation business unit slightly decreased.

## Development of Net Sales and Profitability

NET SALES Q1/04 – Q1/06



OPERATING PROFIT Q1/02 – Q1/06



## Business by Segment 1–3/2006

### Service Business

- The Contract R&D business mainly includes product development services for the telecommunications industry.
- The Automotive business mainly includes software development services for the automotive industry.
- Net sales of the service business segment amounted to 25.9 million euro (21.6 million euro), and the operating profit stood at 0.2 million euro (1.2 million euro).

## Business by Segment 1–3/2006

### Product Business

- The Test and Automation business consists of products for the operation of mobile phone networks and the research, development and production of mobile terminals, network devices and other electronic products.
- Net sales of the product business segment amounted to 21.8 million euro (23.0 million euro), and the operating profit stood at 0.5 million euro (3.2 million euro).

## Business by Unit 1-3/2006

### Contract R&D

- Net sales of 17.2 million euro (17.2 million euro) fell slightly short of our target.
- In February, Elektrobit announced a partnership with Freescale Semiconductors Inc concerning 3G reference smart phones to be offered to Series 60 licensees.
- Business other than telecommunications fell short of our targets.
- The share of product sales was less than 10%.



## Business by Unit 1-3/2006

### Automotive

- Net sales of 8.7 million euro (4.4 million euro) developed in line with our target.
- The product portfolio is becoming stronger and providing foundations for future growth also outside the core market in Germany, including Asian and European automotive manufacturers and their subcontractors.
- The share of products and associated solutions was approximately 50% of net sales.

## Business by Unit 1-3/2006

### Test and Automation Business

- Net sales 21.8 million euro (23.0 million euro).
- Net sales fell slightly short of our target, the operating profit was slightly above target.
- Strong growth of sales in Network test continued, outperforming the target.
- Sales of System test fell short of the target mostly in the USA.
- Sales of production solutions declined in comparison with the corresponding period in 2005.
- Product development investments increased substantially in comparison with last year.
- Several new products were introduced (new versions of Nemo Handy and Prosim C8, production testing equipment and a high-speed PCB separation device).
- Production facilities in China were extended.

## Business Environment in 2006

### Business Environment Remains Challenging

- The predictable period is still short.

### Telecommunications and Automotive

- The sales volume of the mobile terminal market is expected to grow by some 15% in 2006.
- Deliveries of smart phones increased by 70% in 2005, and strong growth is estimated to continue in 2006.
- The growth of the wireless infrastructure market is estimated to slow down compared to 2005.
- Delivery times in production-related test and automation markets will become even shorter and cost efficiency will remain a crucial competitive factor.
- The network test markets are estimated to grow by more than 12%.
- The automotive software solutions market is estimated to grow by more than 15%.
- The market for automotive navigation applications is estimated to grow substantially.

## Outlook for 2006 and its Second Quarter

- The business environment in 2006 is estimated to remain similar to 2005.
- The Group aims for moderate growth of net sales in 2006 compared to 2005. However, the growth expectations are associated with uncertainty.
- Due to cost pressure and uncertainties associated with market development, as well as a predicted increase in R&D effort, relative profitability in 2006 is expected to fall short of the 2005 level.
- The distribution of net sales in 2006 is expected to be similar to 2005.
- Due to investments and other efforts, the distribution of operating profit in 2006 is expected to be focused on the latter half of the year.
- Q2/2006 net sales and operating profit are expected to be essentially on a par with the corresponding period in 2005.

# Figures

## January – March, 2006

## Net Sales and Operating Profit Quarterly

MEUR	Jan. - Mar. Q1/2006	Oct. - Dec. Q4/2005	Jul. - Sep. Q3/2005	Apr. - Jun. Q2/2005	Jan. - Mar. Q1/2005	Jan. - Dec. 2005
<b>Net sales</b>	<b>47.7</b>	54.9	54.9	58.1	44.6	212.5
<b>Operating profit</b>	<b>0.3</b>	4.4	9.4	7.2	4.5	25.5
<b>Profit before taxes</b>	<b>0.4</b>	5.1	9.6	7.4	4.6	26.6
<b>Net profit</b>	<b>0.1</b>	4.0	6.6	5.2	3.2	19.0

## Net Sales by Business Units Quarterly

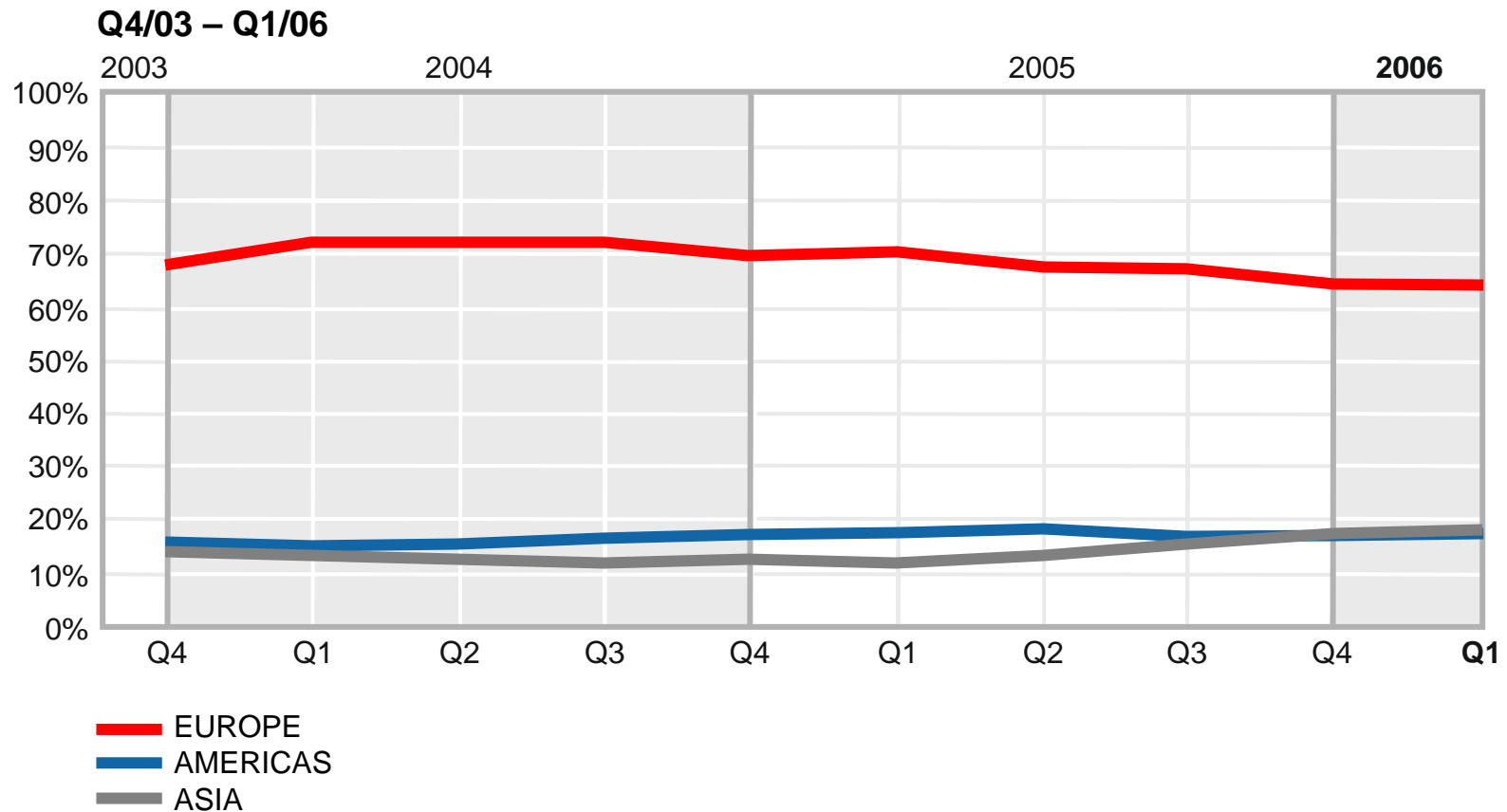
MEUR	Jan. - Mar. Q1/2006	Oct. - Dec. Q4/2005	Jul. - Sep. Q3/2005	Apr. - Jun. Q2/2005	Jan. - Mar. Q1/2005	Jan. - Dec. 2005
<b>Contract R&amp;D</b>	17.2	16.6	13.4	15.9	17.2	63.1
<b>Automotive</b>	8.7	10.8	6.2	5.8	4.4	27.1
<b>SERVICE BUSINESS TOTAL</b>	25.9	27.4	19.6	21.7	21.6	90.2
<b>Test and Automation</b>	21.8	27.5	35.2	36.3	23.0	122.1
<b>PRODUCT BUSINESS TOTAL</b>	21.8	27.5	35.2	36.3	23.0	122.1
<b>GROUP</b>	47.7	54.9	54.9	58.1	44.6	212.5

## Net Sales by Market Area Quarterly

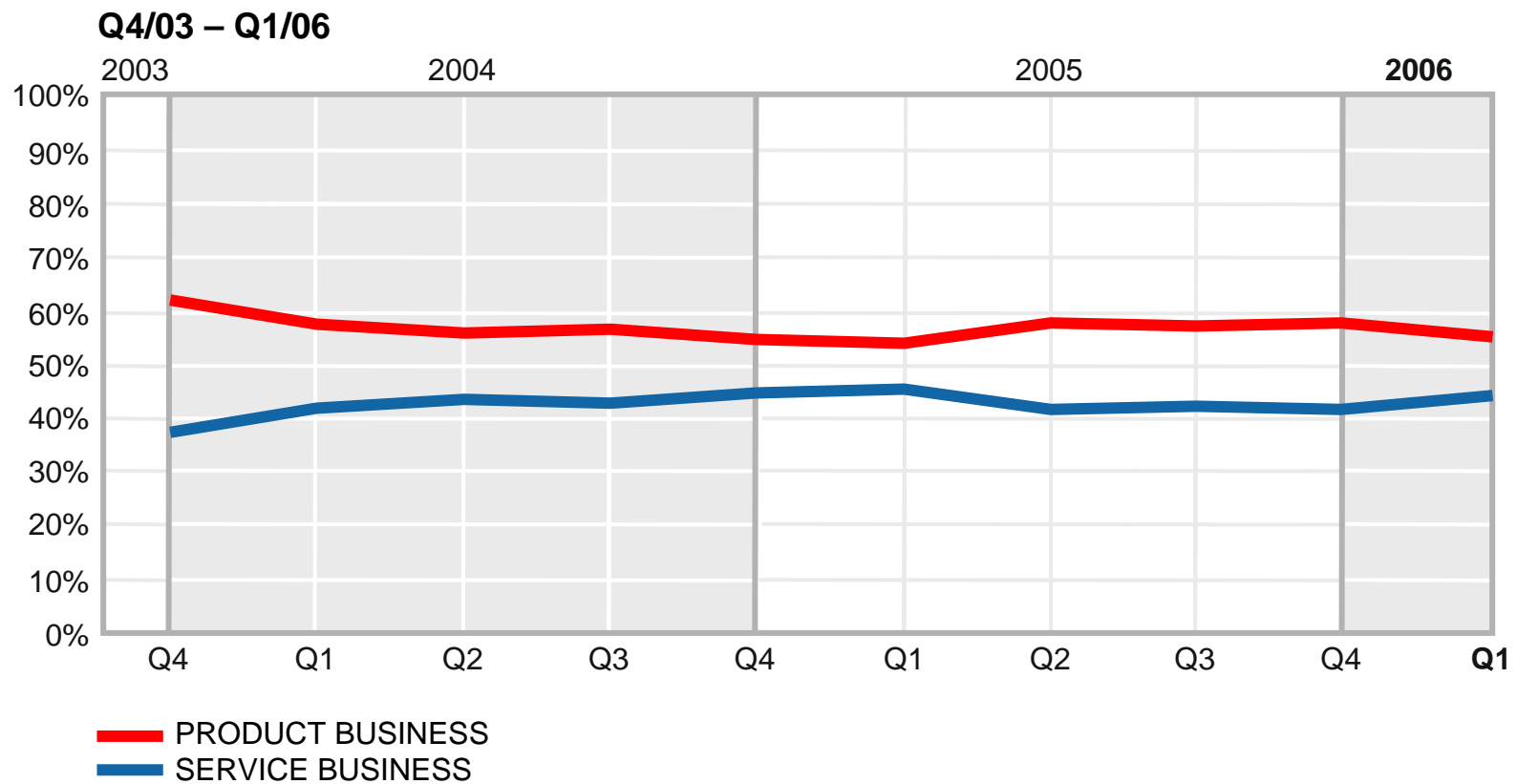
MEUR	Jan. - Mar. Q1/2006	Oct. - Dec. Q4/2005	Jul. - Sep. Q3/2005	Apr. - Jun. Q2/2005	Jan. - Mar. Q1/2005	Jan. - Dec. 2005
<b>Asia</b>	<b>6.8 (14%)</b>	13.5 (25%)	12.4 (23%)	7.2 (12%)	4.9 (11%)	37.9 (18%)
<b>Americas</b>	<b>7.1 (15%)</b>	4.5 (8%)	12.6 (23%)	12.9 (22%)	5.4 (12%)	35.5 (17%)
<b>Europe</b>	<b>33.8 (71%)</b>	36.9 (67%)	29.9 (54%)	38.0 (65%)	34.3 (77%)	139.1 (65%)
<b>Total</b>	<b>47.7 (100%)</b>	54.9 (100%)	54.9 (100%)	58.1 (100%)	44.6 (100%)	212.5 (100%)



## Net Sales by Market Area, % rolling 12 months



## Net Sales by Segment, % rolling 12 months

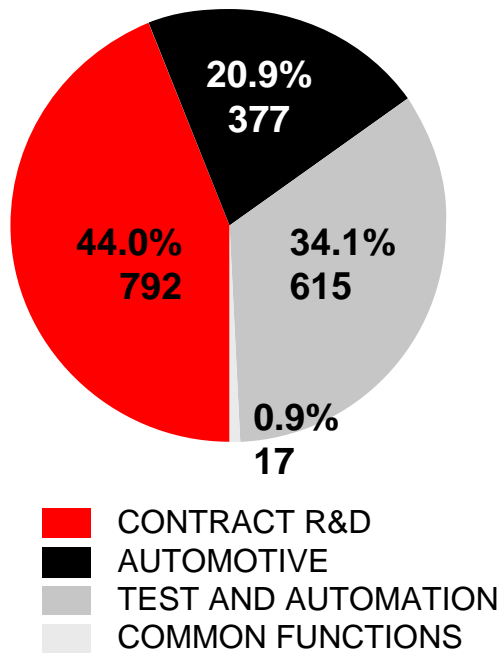


## Net sales and Operating Profit by Business Segments, Quarterly

MEUR	1.-3. Q1/2006	10.-12. Q4/2005	7.-9. Q3/2005	4.-6. Q2/2005	1.-3. Q1/2005
<b>SERVICE BUSINESS</b>					
Net sales	25.9	27.4	19.6	21.7	21.6
Operating profit	0.2	0.0	-0.7	0.4	1.2
<b>PRODUCT BUSINESS</b>					
Net sales	21.8	27.5	35.2	36.3	23.0
Operating profit	0.5	4.8	10.1	6.6	3.2
<b>COMMON FUNCTIONS</b>					
Net sales	0.0	0.1	0.1	0.1	0.1
Operating profit	-0.4	-0.4	-0.0	0.2	0.1
<b>ELIMINATIONS</b>					
Net sales	0.0	0.0	0.0	0.0	0.0
Operating profit	0.0	0.0	0.0	0.0	0.0
<b>TOTAL</b>					
Net sales	47.7	54.9	54.9	58.1	44.6
Operating profit	0.3	4.4	9.4	7.2	4.5

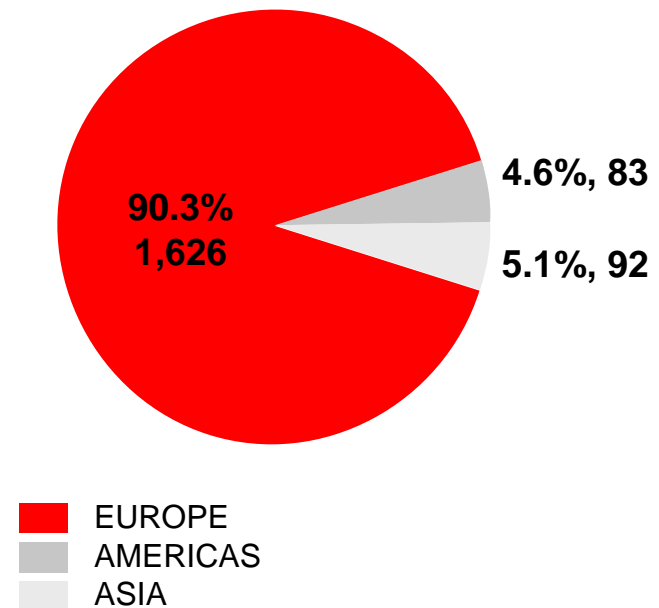
## Personnel March 31, 2006

**BY BUSINESS UNITS**



**Total 1,801**

**BY MARKET AREAS**



## Income Statement Quarterly

MEUR	Jan. - Mar. Q1/2006	Oct. - Dec. Q4/2005	Jul. - Sep. Q3/2005	Apr. - Jun. Q2/2005	Jan. - Mar. Q1/2005	Jan. - Dec. 2005
<b>Net sales</b>	<b>47.7</b>	54.9	54.9	58.1	44.6	212.5
Change in work in progress and finished goods	-0.1	-5.6	2.1	0.6	2.7	-0.2
Other operating income	0.5	1.4	0.3	0.3	0.5	2.6
Production for own use	0.1	0.1	0.0	0.2	0.0	0.2
Expenses	-45.4	-43.8	-45.3	-49.0	-41.0	-179.1
Depreciation and reduction in value	-2.5	-2.6	-2.6	-2.9	-2.4	-10.5
<b>Operating profit</b>	<b>0.3</b>	4.4	9.4	7.2	4.5	25.5
Financial income and expenses	0.1	0.7	0.2	0.2	0.1	1.1
Share of results of associated companies	0.0	0.0	0.0	0.0	0.0	0.0
<b>Profit before taxes</b>	<b>0.4</b>	5.1	9.6	7.4	4.6	26.6
Income tax	-0.3	-1.4	-2.9	-2.2	-1.4	-7.8
Minority interest	-0.1	0.2	-0.1	0.0	0.0	0.1
<b>Net profit</b>	<b>0.1</b>	4.0	6.6	5.2	3.2	19.0

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## Balance Sheet Quarterly

MEUR	<b>Mar. 31, 2006</b>	Dec. 31, 2005	Sep. 30, 2005	Jun.30, 2005	Mar. 31, 2005
<b>Assets</b>					
<b>Non-current assets</b>	<b>70.0</b>	68.7	74.1	74.9	75.1
<b>Current assets</b>	<b>113.4</b>	125.0	128.4	121.8	110.9
<b>Total assets</b>	<b>183.4</b>	193.6	202.4	196.8	186.0
<b>Shareholders' equity and liabilities</b>					
<b>Share capital</b>	<b>12.9</b>	12.9	12.9	12.9	12.9
<b>Minority interest</b>	<b>1.9</b>	1.8	2.0	2.3	2.3
<b>Total equity</b>	<b>113.0</b>	122.0	118.4	111.7	106.4
<b>Long term liabilities</b>	<b>26.2</b>	26.5	31.8	32.6	33.2
<b>Short term liabilities</b>	<b>44.2</b>	45.2	52.3	52.5	46.5
<b>Shareholders' equity and liabilities total</b>	<b>183.4</b>	193.6	202.4	196.8	186.0

## Depreciations and Goodwill

MEUR	Jan. - Mar. Q1/2006	Oct. - Dec. Q4/2005	Jul. - Sep. Q3/2005	Apr. - Jun. Q2/2005	Jan. - Mar. Q1/2005
<b>Depreciations</b>					
- on business acquisitions, MEUR	0.5	0.5	0.5	0.5	0.5
- on capital assets, MEUR	1.9	2.1	2.1	2.4	1.9
<b>Replacement investments, MEUR</b>	1.5	2.3	2.2	1.7	2.3
<b>Goodwill 9.2 MEUR</b>					
- % of the equity	8.1	7.5	7.7	8.2	8.6
- % of the net profit of the last 12 months	57.9	48.3	41.4	33.8	34.9

## Cash Flow

MEUR	Jan. - Mar. 2006	Jan. - Mar. 2005	Jan. - Dec. 2005
<b>+ net profit +/- adjustment of accrual basis items</b>	<b>2.8</b>	6.9	35.7
+/- change in net working capital	<b>-0.3</b>	-2.2	-1.5
- interests, taxes, and dividends	<b>-1.5</b>	-1.8	-7.9
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>1.0</b>	2.9	26.3
- cash flow from investing activities	<b>-0.4</b>	-2.6	-5.3
- cash flow from financial activities	<b>-9.6</b>	-9.4	-15.6
<b>CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>-9.0</b>	-9.1	5.5



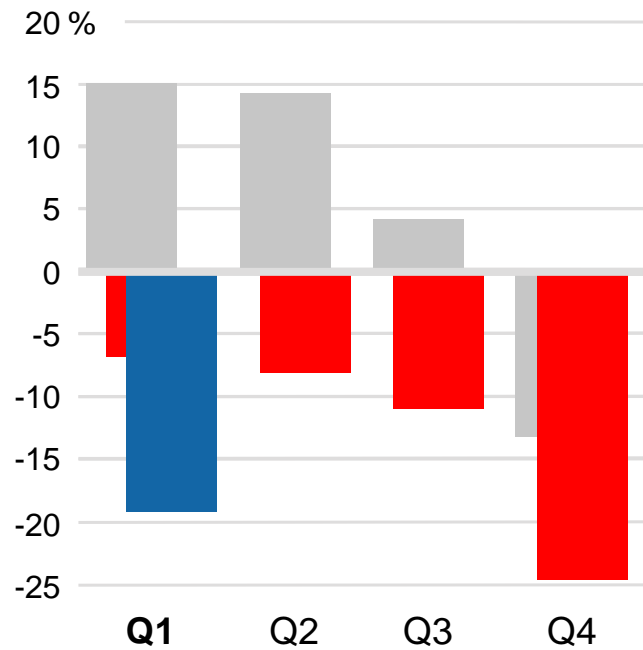
## Key Figures

	<b>Jan. - Mar. 2006</b>	Jan. - Mar. 2005	Change %	Jan. - Dec. 2005
<b>Net sales, MEUR</b>	<b>47.7</b>	44.6	7.0	212.5
<b>Operating profit, MEUR</b>	<b>0.3</b>	4.5	-93.3	25.5
Operating profit, % of net sales	<b>0.6</b>	10.1	-	12.0
<b>Profit before taxes, MEUR</b>	<b>0.4</b>	4.6	-91.3	26.6
<b>Net profit, MEUR</b>	<b>0.1</b>	3.2	-96.9	19.0
<b>Equity, MEUR</b>	<b>113.0</b>	106.4	6.2	122.0
<b>Balance sheet total, MEUR</b>	<b>183.4</b>	186.0	-1.4	193.6
<b>Personnel at the period end</b>	<b>1,801</b>	1,594	13.0	1,684
<b>Return on investment -% (ROI)</b>	<b>1.8</b>	15.0	-	20.0
<b>Interest bearing net liabilities, MEUR</b>	<b>-21.7</b>	-7.2	-	-29.8
<b>Net gearing, %</b>	<b>-19.2</b>	-6.8	-	-24.5
<b>Equity ratio, %</b>	<b>62.6</b>	58.1	-	64.2
<b>Earnings per share, EUR</b>	<b>0.00</b>	0.02	-	0.15

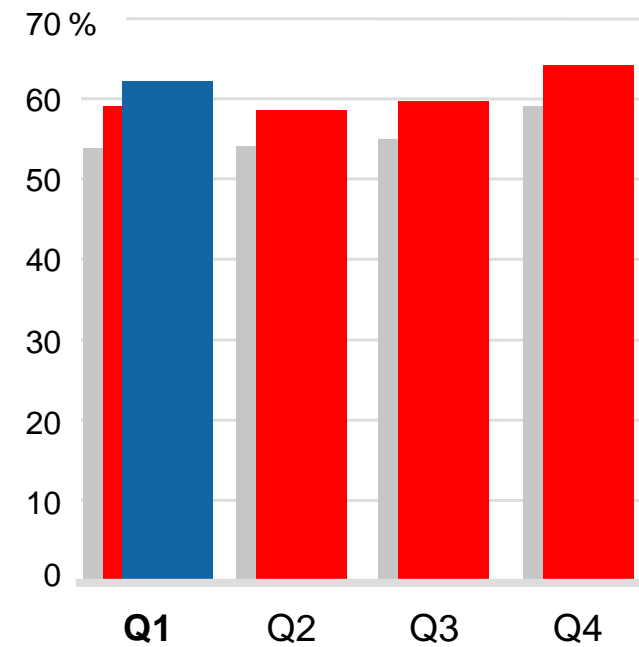
## Net Gearing and Equity Ratio

### Q1/04 – Q1/06

NET GEARING



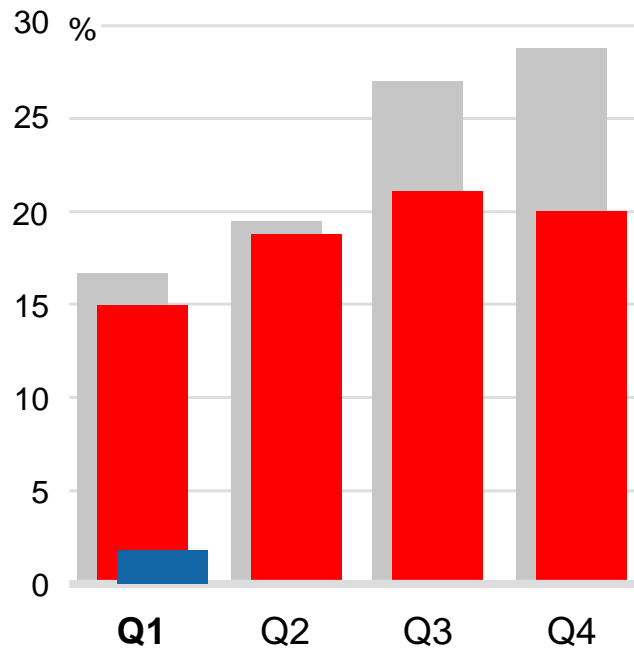
EQUITY RATIO



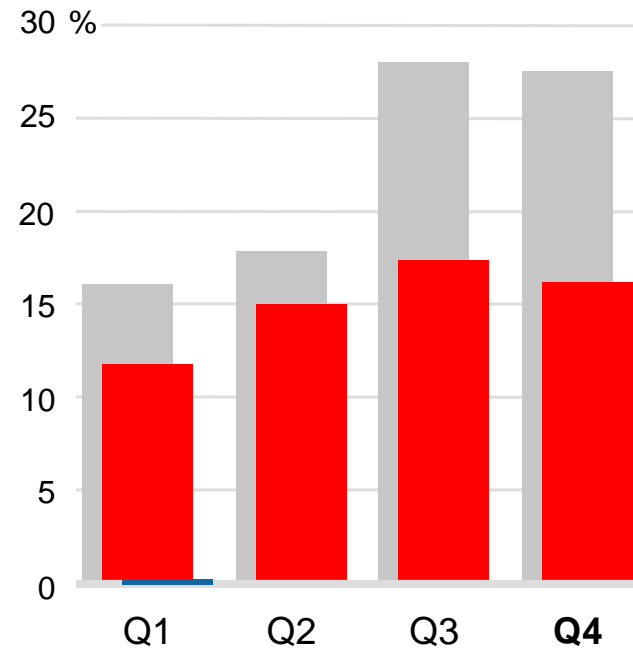
■ 2004 ■ 2005 ■ 2006

## Return on Investment and Equity Q1/04 – Q1/06

**RETURN ON INVESTMENT  
(ROI)**



**RETURN ON EQUITY  
(ROE)**



■ 2004 ■ 2005 ■ 2006

# Appendix

## Shareholders

### 31.3.2006

Shareholder	Number of shares	% of Shares and Votes
1. Hulkko Juha, CEO	27,664,097	21.4
2. Hildén Kai	10,831,316	8.4
3. Veikkolainen Erkki	9,388,719	7.3
4. Halonen Eero	8,780,259	6.8
5. Sipilä Juha, hallituksen jäsen - ja Fortel-yhtiöt*	7,680,444	6.1
6. Harju Jukka	7,642,730	5.9
7. Laine Seppo	2,220,051	1.7
8. Sampo Suomi Osake, investment fund	2,050,740	1.6
9. Mutual Pension Insurance Company Ilmarinen	1,773,140	1.4
10. Mandatum Suomi Kasvuosakkeet, investment fund	1,217,480	0.9
11. eQ Pikkujätiläiset, investment fund	1,000,000	0.8
12. Kaleva/Mandatum Mutual Insurance Company	1,000,000	0.8
13. Odin Förvaltnings As	620,360	0.5
14. Veikko Laine Oy	585,000	0.5
15. Göttlicher Rainer	561,464	0.4
16. Mutual Insurance Company Pension-Fennia	540,000	0.4
17. Haas Johann	519,424	0.4
18. The Finnish National Fund for Research and Development (Sitra)	488,000	0.4
19. SampoSuomi Yhteisöosake, investment fund	484,640	0.4
20. Mariatorp Oy	475,000	0.3
Other (incl. administrative registered shareholders)	43,889,826	33.9
Total	129,412,690	100.0

## Breakdown of Shareholders by Shareholding

31.3.2006

Breakdown of Shareholders	Number of Shareholders	% of Shareholders	% of Shares and Votes
<b>Private companies and housing associations</b>	1,396	3.9	12.4
<b>Financial institutions and insurance companies</b>	49	0.1	4.7
<b>Public companies and corporations</b>	11	0.0	2.0
<b>Non-profit organizations</b>	107	0.3	0.9
<b>Private investors</b>	34,388	95.2	76.4
<b>Foreign owned</b>	151	0.4	2.2
<b>Administrative registered</b>	11	0.0	1.4
<b>Total</b>	36,133	100.0	100.0

## Share Development



### Turnover January – March, 2006

- Number of shares, 1000 pcs 16,067
- MEUR 35.0

### Share price (EUR)

- Highest 2.54
- Lowest 1.89

### Market capitalization March 31, 2006

- MEUR 310.6

### Share capital and shares

- Share capital, MEUR 12.9
- Number of shares 129,412,690

## Information for Investors

### Financial Reports 2006

Elektrobit Group Plc. reports its financial development quarterly.  
In 2006 Elektrobit Group Plc. will publish three Interim Reports as follows:

May 3	Interim Report, January – March
August 2	Interim Report, January – June
November 1	Interim Report, January – September

### Investor Relations

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